

# PCT COOPERATION TREATY

PCT

## NOTIFICATION OF ELECTION

(PCT Rule 61.2)

From the INTERNATIONAL BUREAU

To:

Assistant Commissioner for Patents  
United States Patent and Trademark  
Office  
Box PCT  
Washington, D.C.20231  
ETATS-UNIS D'AMERIQUE

in its capacity as elected Office

<b>Date of mailing (day/month/year)</b> 21 August 2000 (21.08.00)	
<b>International application No.</b> PCT/IB99/02088	<b>Applicant's or agent's file reference</b> Mid-points
<b>International filing date (day/month/year)</b> 29 December 1999 (29.12.99)	<b>Priority date (day/month/year)</b> 29 December 1998 (29.12.98)
<b>Applicant</b> VAN ROON, Mark	

1. The designated Office is hereby notified of its election made:

☒ in the demand filed with the International Preliminary Examining Authority on:  
24 July 2000 (24.07.00)

☐ in a notice effecting later election filed with the International Bureau on:

2. The election ☒ was

☐ was not

made before the expiration of 19 months from the priority date or, where Rule 32 applies, within the time limit under Rule 32.2(b).

The International Bureau of WIPO  
34, chemin des Colombettes  
1211 Geneva 20, Switzerland

Facsimile No.: (41-22) 740.14.35

Authorized officer

Pascal Piriou

Telephone No.: (41-22) 338.83.38

## PCT INTERNATIONAL COOPERATION TREATY

PCT

NOTIFICATION OF THE RECORDING  
OF A CHANGE(PCT Rule 92bis.1 and  
Administrative Instructions, Section 422)

From the INTERNATIONAL BUREAU

To:

ORIGIN LIMITED  
52 Muswell Hill Road  
London N10 3JR  
ROYAUME-UNI

Date of mailing (day/month/year) 21 August 2000 (21.08.00)	<b>IMPORTANT NOTIFICATION</b>
Applicant's or agent's file reference Mid-points	
International application No. PCT/IB99/02088	International filing date (day/month/year) 29 December 1999 (29.12.99)

1. The following indications appeared on record concerning:		
<input type="checkbox"/> the applicant	<input type="checkbox"/> the inventor	<input type="checkbox"/> the agent <input type="checkbox"/> the common representative
Name and Address ORIGIN LIMITED 24 Kings Avenue London N10 1PB United Kingdom	State of Nationality **	State of Residence **
	Telephone No. +44 181 444 2148	
	Facsimile No. +44 181 444 4137	
	Teleprinter No.	
2. The International Bureau hereby notifies the applicant that the following change has been recorded concerning:		
<input type="checkbox"/> the person	<input type="checkbox"/> the name	<input checked="" type="checkbox"/> the address <input type="checkbox"/> the nationality <input type="checkbox"/> the residence
Name and Address ORIGIN LIMITED 52 Muswell Hill Road London N10 3JR United Kingdom	State of Nationality **	State of Residence **
	Telephone No. +44 181 444 2148	
	Facsimile No. +44 181 444 4137	
	Teleprinter No.	
3. Further observations, if necessary: <b>Please be informed that the address for correspondence of the applicant has been changed from box I to box II.</b>		
4. A copy of this notification has been sent to:		
<input checked="" type="checkbox"/> the receiving Office	<input type="checkbox"/> the designated Offices concerned	
<input type="checkbox"/> the International Searching Authority	<input checked="" type="checkbox"/> the elected Offices concerned	
<input checked="" type="checkbox"/> the International Preliminary Examining Authority	<input type="checkbox"/> other:	

<b>The International Bureau of WIPO</b> 34, chemin des Colombettes 1211 Geneva 20, Switzerland Facsimile No.: (41-22) 740.14.35	Authorized officer <b>Pascal Piriou</b> Telephone No.: (41-22) 338.83.38
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## PATENT COOPERATION TREATY

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NOTIFICATION OF THE RECORDING  
OF A CHANGE(PCT Rule 92bis.1 and  
Administrative Instructions, Section 422)

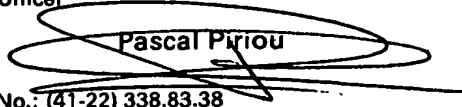
From the INTERNATIONAL BUREAU

T :

ORIGIN LIMITED  
52 Muswell Hill Road  
London N10 3JR  
ROYAUME-UNI

Date of mailing (day/month/year) 21 August 2000 (21.08.00)	IMPORTANT NOTIFICATION
Applicant's or agent's file reference Mid-points	
International application No. PCT/IB99/02088	International filing date (day/month/year) 29 December 1999 (29.12.99)

1. The following indications appeared on record concerning:		
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<input type="checkbox"/> the person	<input type="checkbox"/> the name	<input checked="" type="checkbox"/> the address <input type="checkbox"/> the nationality <input type="checkbox"/> the residence
Name and Address ORIGIN LIMITED 52 Muswell Hill Road London N10 3JR United Kingdom	State of Nationality **	State of Residence **
	Telephone No. +44 181 444 2148	
	Facsimile No. +44 181 444 4137	
	Teleprinter No.	
3. Further observations, if necessary: Please be informed that the address for correspondence of the applicant has been changed from box I to box II.		
4. A copy of this notification has been sent to:		
<input checked="" type="checkbox"/> the receiving Office	<input type="checkbox"/> the designated Offices concerned	
<input type="checkbox"/> the International Searching Authority	<input checked="" type="checkbox"/> the elected Offices concerned	
<input checked="" type="checkbox"/> the International Preliminary Examining Authority	<input type="checkbox"/> other:	

The International Bureau of WIPO 34, chemin des Colombettes 1211 Geneva 20, Switzerland Facsimile No.: (41-22) 740.14.35	Authorized officer  Pascal Pirou Telephone No.: (41-22) 338.83.38
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# PATENT COOPERATION TREATY

From the INTERNATIONAL BUREAU

**PCT**

## NOTICE INFORMING THE APPLICANT OF THE COMMUNICATION OF THE INTERNATIONAL APPLICATION TO THE DESIGNATED OFFICES

(PCT Rule 47.1(c), first sentence)

To:

ORIGIN LIMITED  
24 Kings Avenue  
London N10 1PB  
ROYAUME-UNI

Date of mailing (day/month/year) 06 July 2000 (06.07.00)		<b>IMPORTANT NOTICE</b>	
Applicant's or agent's file reference Mid-points			
International application No. PCT/IB99/02088	International filing date (day/month/year) 29 December 1999 (29.12.99)	Priority date (day/month/year) 29 December 1998 (29.12.98)	
Applicant IPCO LIMITED et al			

1. Notice is hereby given that the International Bureau has communicated, as provided in Article 20, the international application to the following designated Offices on the date indicated above as the date of mailing of this Notice:  
**AU,CN,JP,US**

In accordance with Rule 47.1(c), third sentence, those Offices will accept the present Notice as conclusive evidence that the communication of the international application has duly taken place on the date of mailing indicated above and no copy of the international application is required to be furnished by the applicant to the designated Office(s).

2. The following designated Offices have waived the requirement for such a communication at this time:  
**CA,EP,GB,MX**

The communication will be made to those Offices only upon their request. Furthermore, those Offices do not require the applicant to furnish a copy of the international application (Rule 49.1(a-bis)).

3. Enclosed with this Notice is a copy of the international application as published by the International Bureau on  
06 July 2000 (06.07.00) under No. WO 00/39719

### REMINDER REGARDING CHAPTER II (Article 31(2)(a) and Rule 54.2)

If the applicant wishes to postpone entry into the national phase until 30 months (or later in some Offices) from the priority date, a demand for international preliminary examination must be filed with the competent International Preliminary Examining Authority before the expiration of 19 months from the priority date.

It is the applicant's sole responsibility to monitor the 19-month time limit.

Note that only an applicant who is a national or resident of a PCT Contracting State which is bound by Chapter II has the right to file a demand for international preliminary examination.

### REMINDER REGARDING ENTRY INTO THE NATIONAL PHASE (Article 22 or 39(1))

If the applicant wishes to proceed with the international application in the national phase, he must, within 20 months or 30 months, or later in some Offices, perform the acts referred to therein before each designated or elected Office.

For further important information on the time limits and acts to be performed for entering the national phase, see the Annex to Form PCT/IB/301 (Notification of Receipt of Record Copy) and Volume II of the PCT Applicant's Guide.

<p>The International Bureau of WIPO 34, chemin des Colombettes 1211 GENEVE 20, Switzerland</p> <p>Facsimile No. (41-22) 740.14.35</p>	<p>Authorized officer  J. Zahra</p> <p>Telephone No. (41-22) 338.83.38</p>
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Continuation of Form PCT/IB/308

**NOTICE INFORMING THE APPLICANT OF THE COMMUNICATION OF  
THE INTERNATIONAL APPLICATION TO THE DESIGNATED OFFICES**

<b>Date of mailing (day/month/year)</b> 06 July 2000 (06.07.00)	<b>IMPORTANT NOTICE</b>
<b>Applicant's or agent's file reference</b> Mid-points	<b>International application No.</b> PCT/IB99/02088
<p>The applicant is hereby notified that, at the time of establishment of this Notice, the time limit under Rule 46.1 for making amendments under Article 19 has not yet expired and the International Bureau had received neither such amendments nor a declaration that the applicant does not wish to make amendments.</p>	

# P NT COOPERATION TREATY

## PCT

From the  
INTERNATIONAL PRELIMINARY EXAMINING AUTHORITY

To:

Origin Limited  
52 Muswell Hill Road  
LONDON N10 3JR  
GRANDE BRETAGNE

### NOTIFICATION OF RECEIPT OF DEMAND BY COMPETENT INTERNATIONAL PRELIMINARY EXAMINING AUTHORITY

(PCT Rules 59.3(e) and 61.1(b), first sentence  
and Administrative Instructions, Section 601(a))

Date of mailing  
(day/month/year)

02.08.00

Applicant's or agent's file reference  
**Mid-points**

#### IMPORTANT NOTIFICATION

International application No.

PCT/IB 99/02088

International filing date (day/month/year)

29/12/1999

Priority date (day/month/year)

29/12/1998

Applicant

IPCO LIMITED et al.

1. The applicant is hereby notified that this International Preliminary Examining Authority considers the following date as the date of receipt of the demand for international preliminary examination of the international application:

24/07/2000

2. This date of receipt is:

- ☒ the actual date of receipt of the demand by this Authority (Rule 61.1(b)).
- ☐ the actual date of receipt of the demand on behalf of this Authority (Rule 59.3(e)).
- ☐ the date on which this Authority has, in response to the invitation to correct defects in the demand (Form PCT/IPEA/404), received the required corrections.

3. ☐ **ATTENTION:** That date of receipt is **AFTER** the expiration of 19 months from the priority date. Consequently, the election(s) made in the demand does (do) not have the effect of postponing the entry into the national phase until 30 months from the priority date (or later in some Offices) (Article 39(1)). Therefore, the acts for entry into the national phase must be performed within 20 months from the priority date (or later in some Offices) (Article 22). For details, see the *PCT Applicant's Guide*, Volume II.

- ☐ (If applicable) This notification confirms the information given by telephone, facsimile transmission or in person on:

4. Only where paragraph 3 applies, a copy of this notification has been sent to the International Bureau.

Name and mailing address of the IPEA/



European Patent Office  
D-80298 Munich  
Tel. (+49-89) 2399-0, Tx: 523656 epmu d  
Fax: (+49-89) 2399-4465

Authorized officer

PITTORRU R

Tel. (+49-89) 2399-2403



The demand must be filed directly with the competent International Preliminary Examining Authority or, if two or more Authorities are competent, with the one chosen by the applicant. The full name or two-letter code of that Authority may be indicated by the applicant on the line below:

IPEA/ \_\_\_\_\_

# PCT

## CHAPTER II

### DEMAND

under Article 31 of the Patent Cooperation Treaty:  
The undersigned requests that the international application specified below be the subject of international preliminary examination according to the Patent Cooperation Treaty.

For International Preliminary Examining Authority use only

Identification of IPEA	Date of receipt of DEMAND
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<b>Box No. I IDENTIFICATION OF THE INTERNATIONAL APPLICATION</b>		Applicant's or agent's file reference Mid-Points
International application No. PCT/IB99/02088	International filing date (day/month/year) 29/12/1999	(Earliest) Priority date (day/month/year) 29/12/1998

Title of invention

Computer Based Matching System for Buyers and Sellers

#### Box No. II APPLICANT(S)

Name and address: (Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country.)

IPCO Limited  
2001 Leeward Highway  
McLean Building  
POBox 62  
Providenciales  
Turks and Caicos Islands

Telephone No.:

Facsimile No.:

Teleprinter No.:

State (i.e. country) of nationality:

TC

State (i.e. country) of residence:

TC

Name and address: (Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country.)

VAN ROON, Mark  
40 Hayward Crescent  
Guelph  
Ontario  
N1LM 1J7  
Canada

State (i.e. country) of nationality:

CA

State (i.e. country) of residence:

CA

Name and address: (Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country.)

State (i.e. country) of nationality:

State (i.e. country) of residence:

☐

Further applicants are indicated on a continuation sheet.

**Box No. III AGENT OR COMMON REPRESENTATIVE; OR ADDRESS FOR CORRESPONDENCE**The following person is ☐ agent ☐ common representative☐ has been appointed earlier and represents the applicant(s) also for international preliminary examination.☐ is hereby appointed and any earlier appointment of (an) agent(s)/common representative is hereby revoked.☐ is hereby appointed, specifically for the procedure before the International Preliminary Examining Authority, in addition to the agent(s)/common representative appointed earlier.Name and address: *(Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country.)*

Telephone No.:

+44-020-844-2148

Facsimile No.:

+44-020-8444-4137

Teleprinter No.:

Origin Limited  
52 Muswell Hill Road  
London N10 3JR  
GB☒ Mark this check-box where no agent or common representative is/has been appointed and the space above is used instead to indicate a special address to which correspondence should be sent.**Box No. IV STATEMENT CONCERNING AMENDMENTS**

The applicant wishes the international Preliminary Examining Authority\*

(i) ☒ to start the international preliminary examination on the basis of the international application as originally filed.(ii) ☐ to take into account the amendments under Article 34 of☐ the description (amendments attached).☐ the claims (amendments attached).☐ the drawings (amendments attached).(iii) ☐ to take into account any amendments of the claims under Article 19 filed with the International Bureau (a copy is attached).(iv) ☐ to disregard any amendments of the claims made under Article 19 and to consider them as reversed.(v) ☐ to postpone the start of the international preliminary examination until the expiration of 20 months from the priority date unless that Authority receives a copy of any amendments made under Article 19 or a notice from the applicant that he does not wish to make such amendments (Rule 69.1(d)). *(This check-box may be marked only where the time limit under Article 19 has not yet expired.)*

\* Where no check-box is marked, international preliminary examination will start on the basis of the international application as originally filed or, where a copy of amendments to the claims under Article 19 and/or amendments of the international application under Article 34 are received by the International Preliminary Examining Authority before it has begun to draw up a written opinion or the international preliminary examination report, as so amended.

**Box No. V ELECTION OF STATES**☒ The applicant hereby elects all eligible States *(that is, all States which have been designated and which are bound by Chapter II of the PCT)* except.....*(If the applicant does not wish to elect certain eligible States, the name(s) or country code(s) of those States must be indicated above.)*



**Box No. VI CHECK LIST**

The demand is accompanied by the following documents for the purposes of international preliminary examination:

- |  |   |        |
|--|---|--------|
| 1. amendments under Article 34                     |   |        |
| description  | : | sheets |
| claims   | : | sheets |
| drawings   | : | sheets |
| 2. letter accompanying amendments under Article 34 | : | sheets |
| 3. copy of amendments under Article 19             | : | sheets |
| 4. copy of statement under Article 19              | : | sheets |
| 5. other (specify):                                | : | sheets |

For International Preliminary  
Examining Authority use only

received	not received
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

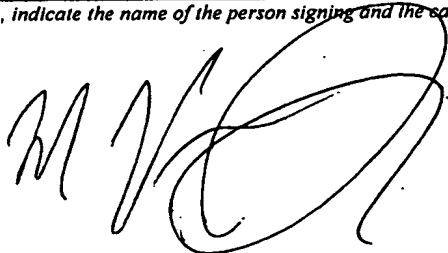
The demand is also accompanied by the item(s) marked below:

- |                             |  |
|-----------------------------|--|
| 1. <input type="checkbox"/> | separate signed power of attorney      |
| 2. <input type="checkbox"/> | copy of general power of attorney      |
| 3. <input type="checkbox"/> | statement explaining lack of signature |

- |  |                       |
|--|-----------------------|
| 4. <input checked="" type="checkbox"/> | fee calculation sheet |
| 5. <input type="checkbox"/>            | other (specify):      |

**Box No. VII SIGNATURE OF APPLICANT, AGENT OR COMMON REPRESENTATIVE**

Next to each signature, indicate the name of the person signing and the capacity in which the person signs (if such capacity is not obvious from reading the demand).



Van Roon, Mark (Applicant &amp; Inventor)

For International Preliminary Examining Authority use only

1. Date of actual receipt of DEMAND:

2. Adjusted date of receipt of demand due to CORRECTIONS under Rule 60.1(b):

3. ☐ The date of receipt of the demand is AFTER the expiration of 19 months from the priority date and item 4 or 5, below, does not apply.☐ The applicant has been informed accordingly.4. ☐ The date of receipt of the demand is WITHIN the period of 19 months from the priority date as extended by virtue of Rule 80.5.5. ☐ Although the date of receipt of the demand is after the expiration of 19 months from the priority date, the delay in arrival is EXCUSED pursuant to Rule 82.

For International Bureau use only

Demand received from IPEA on:

## PCT

## INTERNATIONAL PRELIMINARY EXAMINATION REPORT

(PCT Article 36 and Rule 70)

Applicant's or agent's file reference Mid-points	<b>FOR FURTHER ACTION</b> See Notification of Transmittal of International Preliminary Examination Report (Form PCT/IPEA/416)	
International application No. PCT/IB99/02088	International filing date (day/month/year) 29/12/1999	Priority date (day/month/year) 29/12/1998
International Patent Classification (IPC) or national classification and IPC G06F17/60		
Applicant IPCO LIMITED et al.		

1. This international preliminary examination report has been prepared by this International Preliminary Examining Authority and is transmitted to the applicant according to Article 36.



2. This REPORT consists of a total of 8 sheets, including this cover sheet.

- ☐ This report is also accompanied by ANNEXES, i.e. sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications made before this Authority (see Rule 70.16 and Section 607 of the Administrative Instructions under the PCT).

These annexes consist of a total of sheets.

3. This report contains indications relating to the following items:

- I ☒ Basis of the report
- II ☐ Priority
- III ☒ Non-establishment of opinion with regard to novelty, inventive step and industrial applicability
- IV ☐ Lack of unity of invention
- V ☒ Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement
- VI ☐ Certain documents cited
- VII ☒ Certain defects in the international application
- VIII ☒ Certain observations on the international application

Date of submission of the demand  24/07/2000	Date of completion of this report  03.05.2001
Name and mailing address of the international preliminary examining authority:  European Patent Office D-80298 Munich T I. +49 89 2399 - 0 Tx: 523656 epmu d Fax: +49 89 2399 - 4465	Authorized officer  Amann, R  Tel phone No. +49 89 2399 2298 

# INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No. PCT/IB99/02088

## I. Basis of the report

1. With regard to the **elements** of the international application (*Replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report since they do not contain amendments (Rules 70.16 and 70.17)*):

### Description, pages:

1-22 as originally filed

### Claims, No.:

1-17 as originally filed

### Drawings, sheets:

1-6 as originally filed

2. With regard to the **language**, all the elements marked above were available or furnished to this Authority in the language in which the international application was filed, unless otherwise indicated under this item.

These elements were available or furnished to this Authority in the following language: , which is:

- ☐ the language of a translation furnished for the purposes of the international search (under Rule 23.1(b)).
- ☐ the language of publication of the international application (under Rule 48.3(b)).
- ☐ the language of a translation furnished for the purposes of international preliminary examination (under Rule 55.2 and/or 55.3).

3. With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application, the international preliminary examination was carried out on the basis of the sequence listing:

- ☐ contained in the international application in written form.
- ☐ filed together with the international application in computer readable form.
- ☐ furnished subsequently to this Authority in written form.
- ☐ furnished subsequently to this Authority in computer readable form.
- ☐ The statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished.
- ☐ The statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished.

4. The amendments have resulted in the cancellation of:

- ☐ the description, pages:
- ☐ the claims, Nos.:

# INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No. PCT/IB99/02088

☐ the drawings, sheets:

5. ☐ This report has been established as if (some of) the amendments had not been made, since they have been considered to go beyond the disclosure as filed (Rule 70.2(c)):

*(Any replacement sheet containing such amendments must be referred to under item 1 and annexed to this report.)*

6. Additional observations, if necessary:

### III. Non-establishment of opinion with regard to novelty, inventive step and industrial applicability

1. The questions whether the claimed invention appears to be novel, to involve an inventive step (to be non-obvious), or to be industrially applicable have not been examined in respect of:

☐ the entire international application.

☒ claims Nos. 11-12, 15-17.

because:

☒ the said international application, or the said claims Nos. 11-12 relate to the following subject matter which does not require an international preliminary examination (*specify*):  
**see separate sheet**

☒ the description, claims or drawings (*indicate particular elements below*) or said claims Nos. 15-17 are so unclear that no meaningful opinion could be formed (*specify*):  
**see separate sheet**

☐ the claims, or said claims Nos. are so inadequately supported by the description that no meaningful opinion could be formed.

☐ no international search report has been established for the said claims Nos. .

2. A meaningful international preliminary examination cannot be carried out due to the failure of the nucleotide and/or amino acid sequence listing to comply with the standard provided for in Annex C of the Administrative Instructions:

☐ the written form has not been furnished or does not comply with the standard.

☐ the computer readable form has not been furnished or does not comply with the standard.

### V. Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement

1. Statement

Novelty (N)

Yes: Claims 1-10, 13

**INTERNATIONAL PRELIMINARY  
EXAMINATION REPORT**

International application No. PCT/IB99/02088

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	No:	Claims	14
Inventive step (IS)	Yes:	Claims	
	No:	Claims	1-10, 13-14
Industrial applicability (IA)	Yes:	Claims	1-17
	No:	Claims	

2. Citations and explanations  
**see separate sheet**

**VII. Certain defects in the international application**

The following defects in the form or contents of the international application have been noted:  
**s    separate sheet**

**VIII. Certain observations on the international application**

The following observations on the clarity of the claims, description, and drawings or on the question whether the claims are fully supported by the description, are made:  
**see separate sheet**

**Re Item III**

Non-establishment of opinion with regard to novelty, inventive step and industrial applicability

1. **Claims 11-12** relate to subject-matter considered by this Authority to be covered by the provisions of Rule 67.1(iii) PCT, since it concerns methods of doing business as such. Consequently, no opinion will be formulated with respect to the novelty and inventive step of the subject-matter of these claims (Article 34(4)(a)(i) PCT).
2. **Claims 15-17** are unclear, since they are using wrong categories when referring back to claims.

**Re Item V**

Reasoned statement under Rule 66.2(a)(ii) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement

1. Reference is made to the following document:  
D1: US 5 615 269 A (MICALI SILVIO) 25 March 1997
2. The subject-matter of **claim 1** does not solve an objective technical problem when compared with the closest prior art and therefore provides **no inventive step**.

The closest prior art is given by the preamble of said claim (see also D1: col. 2, line 6 to col. 3, line 63). Thus the contribution by said claim consists in a computer program being arranged to calculate a mid-point price at which type A assets can be obtained in exchange for assets of type B.

While this feature could be considered as solving the objective commercial problem of calculating optimal mid-point prices, no technical problem can be identified, that is solved by said feature.

**INTERNATIONAL PRELIMINARY  
EXAMINATION REPORT - SEPARATE SHEET**

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International application No. PCT/IB99/02088

3. The subject-matter of **claim 10** is **not inventive**. As acknowledged by the applicant, a system as set out in the claim's preamble is well-known in the art (see also D1). In addition it is trivially known, that parties and counter parties can be individuals or corporations.
4. The subject-matter of **claim 13** does not solve an objective technical problem when compared with the closest prior art and therefore provides **no inventive step**.

The closest prior art is a standard server. Thus the contribution by said claim consists in said server being programmed to process a requirement for foreign exchange to be supplied to a party as set out in the claim.

While this feature could be considered as solving the objective commercial problem of calculating optimal mid-point prices, no technical problem can be identified, that is solved by said feature.

5. A terminal as set out in **claim 14** is already known from D1 (e.g. col. 2, line 6 to col. 3, line 63). Consequently, the subject-matter of said claim is not novel.
6. **Dependent claims 2-9** do not contain any features which, in combination with the features of any claim to which they refer, meet the requirements of the PCT in respect of inventive step, since they merely add further commercial features, that do not provide technical contributions.

**Re Item VII**

Certain defects in the international application

1. The independent claims are not in the two-part form in accordance with Rule 6.3(b) PCT, which in the present case would be appropriate, with those features

known in combination from D1 being placed in the preamble (Rule 6.3(b)(i) PCT) and with the remaining features being included in the characterising part (Rule 6.3(b)(ii) PCT).

2. The features of the claims are not provided with reference signs placed in parentheses (Rule 6.2(b) PCT).
3. Contrary to the requirements of Rule 5.1(a)(ii) PCT, the relevant background art disclosed in D1 is not mentioned in the description, nor is this document identified therein.
4. A document reflecting the prior art described on pages 1-3, is not identified in the description (Rule 5.1(a)(ii) PCT).

#### **Re Item VIII**

Certain observations on the international application

1. The application does not meet the requirements of Article 6 PCT, because the presentation of **6 independent claims** namely system **claims 1, 10, 13, and 14**, and method **claims 11-12** gives rise to two objections under Article 6, i.e. lack of conciseness and lack of clarity.
  - 1.1 As to conciseness, reference is made to the PCT Guidelines (Chapter III 5.1) in respect of the established practice that the requirement of conciseness applies not only to individual claims, but to the claims as a whole.
  - 1.2 The lack of clarity derives from the consideration that the prime function of the claims is to make clear what are the essential technical features of the matter for which protection is sought (cf the first sentence of Article 6).
  - 1.3 The present set of claims appear in fact to provide 6 different versions of feature combinations.



In addition it is clear from the PCT that the invention for which protection is sought must be clearly defined in the claims (Article 6), and that such a definition is accomplished by specifying all essential technical features in each independent claim (Rule 6(3) PCT). It follows that when, as in this case, only one invention is disclosed and a technical feature is included in one independent claim but there is no equivalent in another independent claim, it is not clear what technical features are actually necessary for defining the invention, thus putting the matter for which protection is sought into doubt, in violation of Article 6 (see also PCT Guidelines Chapter III 2.1, 3.3, 4.4).

- 1.4 The applicant should have therefore presented in each category a single main claim to the invention, having corresponding features!, with appendant claims as appropriate to cover the applicant's preferred embodiments.

# PCT

## INTERNATIONAL SEARCH REPORT

(PCT Article 18 and Rules 43 and 44)

Applicant's or agent's file reference <b>Mid-points</b>	<b>FOR FURTHER ACTION</b> see Notification of Transmittal of International Search Report (Form PCT/ISA/220) as well as, where applicable, item 5 below.	
International application No. <b>PCT/IB 99/ 02088</b>	International filing date (day/month/year) <b>29/12/1999</b>	(Earliest) Priority Date (day/month/year) <b>29/12/1998</b>
Applicant <b>IPCO LIMITED et al.</b>		

This International Search Report has been prepared by this International Searching Authority and is transmitted to the applicant according to Article 18. A copy is being transmitted to the International Bureau.

This International Search Report consists of a total of 2 sheets.



It is also accompanied by a copy of each prior art document cited in this report.

### 1. Basis of the report

- a. With regard to the language, the international search was carried out on the basis of the international application in the language in which it was filed, unless otherwise indicated under this item.



the international search was carried out on the basis of a translation of the international application furnished to this Authority (Rule 23.1(b)).

- b. With regard to any nucleotide and/or amino acid sequence disclosed in the international application, the international search was carried out on the basis of the sequence listing :



contained in the international application in written form.



filed together with the international application in computer readable form.



furnished subsequently to this Authority in written form.



furnished subsequently to this Authority in computer readable form.



the statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished.



the statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished

2. ☐ Certain claims were found unsearchable (See Box I).

3. ☐ Unity of invention is lacking (see Box II).

### 4. With regard to the title,



the text is approved as submitted by the applicant.



the text has been established by this Authority to read as follows:

### 5. With regard to the abstract,



the text is approved as submitted by the applicant.



the text has been established, according to Rule 38.2(b), by this Authority as it appears in Box III. The applicant may, within one month from the date of mailing of this international search report, submit comments to this Authority.

### 6. The figure of the drawings to be published with the abstract is Figure No.



as suggested by the applicant.



because the applicant failed to suggest a figure.



because this figure better characterizes the invention.

1



Non of the figures.

## INTERNATIONAL SEARCH REPORT

International Application No

PO 99/02088

**A. CLASSIFICATION OF SUBJECT MATTER**  
IPC 7 G06F17/60

According to International Patent Classification (IPC) or to both national classification and IPC

**B. FIELDS SEARCHED**

Minimum documentation searched (classification system followed by classification symbols)

IPC 7 G06F

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practical, search terms used)

**C. DOCUMENTS CONSIDERED TO BE RELEVANT**

Category *	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X A	US 5 615 269 A (MICALI SILVIO) 25 March 1997 (1997-03-25) the whole document	1,3-5, 9-14 2,6-8, 15-17
P,X	US 5 950 176 A (BURNS MICHAEL R ET AL) 7 September 1999 (1999-09-07) abstract column 6, line 56 -column 8, line 54	1,10-14

☐ Further documents are listed in the continuation of box C.☒ Patent family members are listed in annex.

## \* Special categories of cited documents :

- "A" document defining the general state of the art which is not considered to be of particular relevance
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- "Y" document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art.
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Date of the actual completion of the international search

28 April 2000

Date of mailing of the international search report

10/05/2000

Name and mailing address of the ISA  
European Patent Office, P.B. 5818 Patentlaan 2  
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Authorized officer

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**INTERNATIONAL SEARCH REPORT**

Information on patent family members

International Application No

PCT/IB 99/02088

Patent document cited in search report		Publication date	Patent family member(s)	Publication date
US 5615269	A	25-03-1997	AU 1951497 A WO 9724833 A	28-07-1997 10-07-1997
US 5950176	A	07-09-1999	NONE	

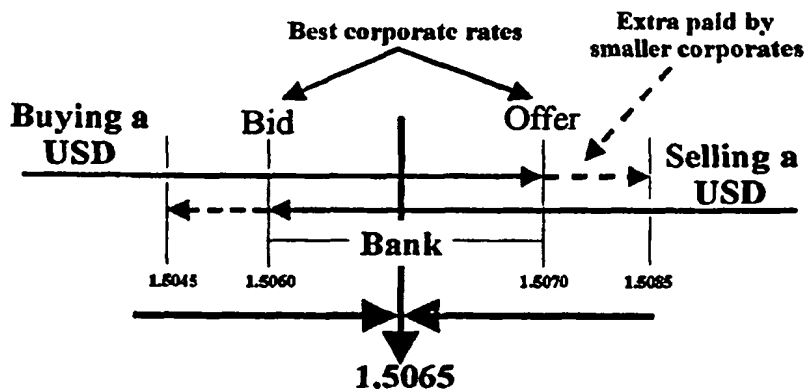


## INTERNATIONAL APPLICATION PUBLISHED UNDER THE PATENT COOPERATION TREATY (PCT)

<b>(51) International Patent Classification <sup>7</sup> :</b> <b>G06F 17/60</b>	<b>A1</b>	<b>(11) International Publication Number:</b> <b>WO 00/39719</b> <b>(43) International Publication Date:</b> 6 July 2000 (06.07.00)
<b>(21) International Application Number:</b> PCT/IB99/02088 <b>(22) International Filing Date:</b> 29 December 1999 (29.12.99)  <b>(30) Priority Data:</b> 2,257,428                      29 December 1998 (29.12.98)      CA  <b>(71) Applicant (for all designated States except US):</b> IPCO LIMITED [-/-]; 2001 Leeward Highway, McLean Building, P.O. Box 62, Providenciales (TC).  <b>(72) Inventor; and</b> <b>(75) Inventor/Applicant (for US only):</b> VAN ROON, Mark [CA/CA]; 40 Hayward Crescent, Guelph, Ontario N1LM 1J7 (CA).		<b>(81) Designated States:</b> AU, CA, CN, GB, JP, MX, US, European patent (AT, BE, CH, CY, DE, DK, ES, FI, FR, GB, GR, IE, IT, LU, MC, NL, PT, SE).  <b>Published</b> <i>With international search report.</i> <i>Before the expiration of the time limit for amending the claims and to be republished in the event of the receipt of amendments.</i>

**(54) Title:** COMPUTER BASED MATCHING SYSTEM FOR BUYERS AND SELLERS**(57) Abstract**

A computer based system is disclosed which enables a buyer and a seller to be efficiently matched. The system can comprise a web based foreign exchange platform in which parties and counterparties post their requirements. A computer identifies and matches reciprocal, offsetting positions and effects a trade at a price which is the mid-point of the Interbank bid/offer spread. The system is fast, efficient and fair, as well as being significantly cheaper than conventional foreign exchange systems.



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## Computer Based Matching System for Buyers and Sellers

### Field of the Invention

5 This invention relates to a computer based system which enables buyers and sellers to be efficiently matched, and in particular to an Internet based system which enables buyers and sellers to be efficiently matched. The invention is exemplified by a new business model and system for foreign exchange transactions.

### Description of the Prior Art

10 The Internet offers the promise of enabling buyers and sellers of goods and services to communicate directly with one another, eliminating the need for some of the intermediaries and the associated economic inefficiencies present in conventional selling. Hence, for example, it is in 1998 possible to transact many kinds of  
15 business using the Internet, which formerly would have required a broker or agent. Examples include the purchase of insurance, airline tickets, books and holidays.

The Internet also enables new business models of buying and selling as well: for example, there are now many Internet auction sites, on which a wide range of goods  
20 and services are auctioned to the highest bidder, with the seller merely setting a reserve price or a bid start price. The terms to 'buy' and 'sell' and related expressions used in this specification should be broadly construed to include any kind of transfer of rights or interests; 'buyers' and 'sellers' should be also broadly construed to include any transferee and transferor of any kind of right or interest.  
25 The terms 'party' and 'counterparty' are commonly used to describe a situation in which a given party is both a buyer and simultaneously a seller. This can arise, for example, where a party wishes to exchange US\$100 for the equivalent in Sterling. That party is simultaneously a seller of US\$ and a buyer of Sterling.

Computer systems linking many potential buyers and sellers of goods and services over an extensive computer network also existed prior to the widespread adoption of the Internet, particularly in the financial services sector. One example is the foreign exchange dealing systems developed and run by organisations such as Reuters plc and the EBS Partnership. In these systems, banks post the prices at which they are willing to buy or sell defined quantities of currencies. The systems automatically spot matches – i.e. where a potential buyer is willing to buy at a price at which a potential seller is willing to sell – and complete the trade. If a potential buyer of currency can find no-one willing to sell at a price it considers low enough, then, typically, that potential buyer will simply have to either wait for the pricing in the market to become more favorable, or else be prepared to pay more. Such systems are commonly used for currency speculation, currency arbitrage, currency hedging, and currency procurement.

In addition to the need for speculative currency trading, there exists also a very substantial need for corporations to buy and sell foreign currency, for example, to pay overseas suppliers. Similarly, individuals travelling abroad or making foreign investments need to obtain foreign currencies as well. Currently, corporations and individuals will approach a bank or foreign currency vendor (such as American Express Inc.) to obtain foreign currency. The bank or foreign currency vendor will in turn often have obtained its stocks of foreign currency from other banks, in many cases having used an inter-bank trading system such as the Reuters or EBS systems. Because of the chain of intermediaries, the transaction cost of buying or selling foreign exchange in this way is quite high: this is reflected in the difference between the bid and the offer prices: a bank will typically sell foreign currency at a rate considerably higher than the rate at which it will buy it back. For small



transactions, the difference can be 4% (400 basis points). For larger transactions, the difference is typically 5 basis points. (A basis point equals one-one hundredth of a 'cent' (percent) or, more simply, 100 basis points equals one cent). This difference between the bid and the offer is referred to as the 'spread'.

#### Statement of the Present Invention

In accordance with a first aspect of the present invention, there is provided a computer based system which enables a party and a counter-party to be efficiently matched, comprising a first computer terminal into which the party inputs details of a potential transaction to acquire assets of type A in exchange for assets of type B, a second computer terminal into which the counterparty inputs details of a potential transaction to acquire assets of type C in exchange for assets of type D, a computer network connecting the first and second terminals; characterised in there being a computer program arranged to calculate directly or indirectly a mid-point price at which type A assets can be obtained in exchange for assets of type B.

Preferably, the mid-point price is the mid-point between (a) a price for exchanging type A for type B assets established by reference to data substantially independent of the party and the counterparty and (b) a price for exchanging type B for type A assets, established by reference to data substantially independent of the party and the counterparty. In a simple bi-lateral situation, asset type C is the same as asset type B and asset type D is the same as asset type A. In more complex situations, 2 or more parties/counterparties may be involved and the asset pairs associated with each party (i.e. asset required and asset available) may not match the asset pairs from any single other counterparty. Hence, in the broadest statement of the first aspect of the invention, the asset pair of the counterparty is

given a different denomination ('C' and 'D') from the party asset pair ('A' and 'B'). An example of how this situation can be resolved in a specific embodiment is given in the Detailed Description section of this specification (see section describing the 'netting hybrid' illustrated at Figures 2A, B and C). The specified details of the potential transaction will typically include at least the amount of the owned asset which is available for exchanging and the kind of different asset type actually sought, or the amount and kind of the asset required and the kind of asset available for exchange.

Preferably, it is possible to complete the transaction at the mid-point price. Then, a fee can be charged to either the party and/or the counterparty by the system provider. Alternatively, it is also possible to use the 'spread' concept, but with the spread measured from the mid-point.

Examples of possible ways in which spreads can be derived using mid-points include, without limitation: (a) midpoint price plus a uniform percentage spread around the midpoint/mean for each of the parties to a transaction; (b) midpoint price plus a uniform basis point spread around the midpoint/mean for each of the parties to a transaction and (c) a standard spread or series of spreads reduced to either a uniform percentage spread or a uniform basis point spread around a midpoint/mean.

By arranging for trades to use the mid-point price (for example as the actual deal price or as the base for determining a spread) defined by reference to selling and purchase prices determined independently of the buyer and seller, the system can automatically match buyers and sellers in a manner which is both fast, efficient, transparent and fair. Speculation and the taking of trading positions, which are

defining characteristics of conventional computer based systems for buying and selling products such as foreign exchange, are reduced in the present invention. The present invention may also be seen as reducing the possibility of price fixing and other anti-competitive behavior. The user functionality may include any series of operations, the limiting factor of which is the execution by two or more parties at the mid-point price or some variation which uses the mid-point price.

The Internet may comprise some of the network connecting the first and second terminals. The terminals may then operate as clients. The terminals may in any event be any kind of wired or wireless information device, including PCs, cellular telephones, smart phones and communicators.

In one embodiment, it is the sale or transfer of financial property, such as foreign exchange ("FX"), treasury bills, and stocks and shares, which is matched as between buyers and sellers. The term 'financial property' is used in this patent specification to embrace any and all financial products which are traded by financial institutions, and therefore includes, without limitation, derivatives, options, debentures, bonds as well as the foreign exchange, treasury bills, and stocks and shares referred to above.

For foreign exchange, the mid-point may be determined as the mid-point of the Interbank Bid/Offer (B/O) spread at a specific point in time. More specifically, it may be the mid-point of a number of different prices, including, without limitation, (a) the Interbank highest bid, lowest offer, (b) the Interbank most recent traded price, (c) the Interbank highest bid, lowest offer by subset of largest market makers in any particular currency and (d) the highest bid, lowest offer in the most liquid market. A 'bid' price is the price a buyer is willing to pay for an asset or,

alternatively, the price at which a seller is able to liquidate his asset. An 'offer' price is the price a seller is willing to be paid for his asset or, alternatively, the price at which a buyer may purchase an asset. The bid/offer spread is typically the most accepted method of price discovery in a liquid market. In the present invention, the mid-point price is typically calculated against a base currency, generally the US Dollar. Hence, if a party wishes to obtain Japanese Yen (JPY) in exchange for British Sterling, then the mid-point used in the calculation is the product of the midpoint price of USD/JPY and the midpoint price of GBP/USD or, more simply,  $\text{midpt}(\text{USD/JPY}) \times \text{midpt}(\text{GBP/USD}) = \text{midpt}(\text{GBP/JPY})$ . Because virtually all live currency pricing is fundamentally based on USD exchange value, the present system also adopts that approach. USD can be thought of as a 'base' or common asset. The present system can therefore be used to calculate any currency rate either 'directly' against the base currency or 'indirectly' against any other currency via a relationship with the base currency.

In the present invention, the price is typically not negotiable as it is in a dealing system with posted desired rates. This is not to imply that the embodiments of the present invention cannot or will not permit price limits as a user defined function. Parties do, however, typically accept the midpoint of the posted Interbank (or other defined) spread at a specific time as the most desirable position at which to exchange their currency (and, optionally, on which a spread may be positioned) since it affords them the greatest quantity of counter-currency at any given point in time – assuming and to the extent they can be matched. In the event that no match can be found using the present system, either no deal is done or a deal is done along a default Interbank system at the appropriate bid or offer point.

Bankers traditionally invest considerable time and expertise in setting foreign exchange rates, applying a complex multi-factorial analysis involving an intimate understanding of relative currency stabilities. The present invention as applied to FX in effect appropriates this expertise and makes the product of that expertise widely available to enable a fast, efficient, transparent, fair and cheaper FX process.

Because this system facilitates the direct matching of counterparties, the reduction of settlement risk is a potential advantage. Where this advantage is realised, global foreign currency settlement risk is reduced.

In another embodiment, the system handles the sale of contractual rights; and in a further embodiment, the sale of tangible property.

In a second aspect of the present invention, there is provided a computer based system which enables a party and a counterparty of financial property to be efficiently matched, comprising a first computer terminal into which the party inputs details of a potential first transaction, a second computer terminal into which the counterparty inputs details of a potential reciprocal transaction which is in whole or part reciprocal to the potential first transaction, and a computer network connecting the first and second terminals; characterised in that the party and the counterparty are either corporations including financial institutions and/or individuals.

Conventionally, corporate or individual buyers and sellers of financial property have necessarily traded in financial property using the intermediary of a financial institution. As noted above, the presence of such intermediaries results in additional cost burdens being placed on corporate or individual buyers and sellers,

which is economically inefficient. Those inefficiencies are eliminated with direct trading of financial property as envisaged in the present invention between corporate or individual buyers and sellers.

5 In a further aspect, there is provided a method of obtaining foreign exchange for a party, comprising the steps of:

- (i) the party defining a foreign exchange requirement using a web browser;
- (ii) sending the requirement via the internet to a server; and
- (iii) processing that requirement in relation to a mid-point between a bid price and  
10 an offer price, each price established by reference to data substantially independent of the party.

In another aspect, there is a method of computing the amount of foreign exchange available to a party comprising the steps of:

- 15 (i) receiving from the party a foreign exchange requirement; and
- (ii) processing that requirement in relation to a mid-point between a bid price and an offer price, each price established by reference to data substantially independent of the party.

20 In a penultimate aspect, there is a server programmed to process a requirement for foreign exchange to be supplied to a party, using a mid-point between a bid price and an offer price, each price established by reference to data substantially independent of the party.

25 In a final aspect there is a computer terminal acting as a client, in which the client accepts from a party a foreign exchange requirement and sends that requirement to a server as defined in the preceding paragraph.

### Brief Description of the Figures

The invention will be described in more detail with reference to:

Figure 1 which is a diagram representing the bid/offer pricing for USD  
5 priced in CAD;

Figures 2A, 2B and 2C which is a table showing how a FX “netting  
hybrid” system can operate in conjunction with the present invention;

Figures 3A and 3B, which are schematic depictions of a computer based  
system according to this invention which enables buyers and sellers of foreign  
10 exchange to be efficiently matched; and

Figure 4, which is a schematic representing the key steps in the inventive  
system as applied to FX matching.

### Detailed Description

15 The fundamental innovation of calculating and using, for a transaction between a  
specific party and counterparty, a mid-point price calculated using the best sell and  
buy prices established by a market (and which are therefore independent of the  
specific buyer and seller) can be used in many conventional business models. The  
skilled implementer will therefore readily appreciate that this innovation can be  
20 applied to many different conventional systems, whether web-based or requiring  
personal interaction (such as telephone brokerage systems). For example, web-  
based or telephone based stock/share trades could be offered on the basis of both  
the conventional 'best available buy or sell, plus charges', or alternatively, at the  
mid-point, plus significantly lower charges. Very often, the latter will offer the best  
25 overall value. Adapting a conventional web-based or telephone system to calculate  
the mid-points and (if relevant) determine a spread about the mid-point, is readily  
achieved once access to the raw data from which the mid-points are calculated. In

addition, a central data provider, such as a Reuters or Bloomberg, could calculate the mid-points, and include these in their data. Because the implementation of such an adapted, conventional system is clearly within the competence of the skilled implementer, no detailed description of such a system is included in this specification.

Moving from the more conventional applications of the present inventive, business concept, a more demanding application of the present invention is an entirely Web based system for enabling FX to be matched and transferred. Such a system will be described in detail.

Currently, banks broker foreign exchange transactions, providing an intermediary to purchase and sell currency for both their and their clients' accounts. For each transaction the bank garners the "spread", typically 5 basis points on large transactions and up to 4% (400 basis points) on smaller transactions.

In an embodiment of the present invention, the appropriate underlying transactional software allows one end user of the foreign exchange (e.g. a first corporation, Corporation A, doing a cross border procurement) to liaise directly or indirectly with a counterparty, a second corporation, Corporation B, which requires the home currency of Corporation A. The bank brokering function can be eliminated: that is, the spread currently absorbed by the two sample corporations would be negated, or based on a more transparent spread using a mid-point price established using posted Interbank rates. Where the spread is entirely eliminated, each party to a transaction where the quoted spread was 5 basis points, would therefore improve their cash position by 2.5 basis points. For smaller customers the savings would be even greater.



Figure 1 illustrates this principle: the best corporate rates for exchanging CADollars for USDollars are shown: the highest bid price for a potential seller of USD for CAD is 1.5060 CAD and the lowest offer price for a potential buyer of USDollars for CAD is at 1.5070 as shown i.e. if one wants to buy a USDollar it would cost 1.5070 CAD and if one wants to sell a USDollar, one would receive 1.5060 CAD in return. Therefore, 1.5060/70 is the bid/offer spread for USD to CAD in this example.

These are the rates available to major corporates handling high volume transactions. The prices for smaller companies will be far less favourable. The mid-point price of 1.5065 CADollars to the USDollar offers an in principle saving of 5 basis points, or 500 per USD1Million exchanged. For smaller companies, who can most benefit from the present invention, the percentage savings would be greater still.

Moreover, transactions can be executed in a multitude of dimensions: two way; three way; four way; etc, since the software would expose the transactional opportunities available to each of the clients.

The overall system approach can best be understood through a sample problem:

#### Sample problem

Imagine the following:

1. That the spot price of CDN\$ is US\$ 1.5363 - 1.5373 at November 27/98.
2. That Corporation A is buying US \$1M to purchase equipment at a cost of CDN \$1,537,300.00. Corporation A. has CDN \$1,536,800.00 on account with a bank for the transaction (note: this assumes that the bank provides the best rate to Corporation A).

3. That Corporation B has US\$1M on account with the bank but requires CDN\$1,536,300.00 to purchase raw materials.

5 If the bank matches its own funds to supply Corporation A with US\$1M and Corporation B with CDN\$1,536,300.00, then it makes a profit of \$1,000.00 per \$million transacted. Although \$1,000 is a very small amount in the context of a significant \$1M transaction, the total global volume of such transactions is extremely large, so that the cumulative profits to banks are very substantial.

10 In the present invention, the following occurs: Corporation A and B agree before transacting that they will do so at an exchange rate that is the mid-point of the posted Interbank rate, for example, the Interbank highest bid, lowest offer at the appropriate time. This is a fair compromise for each participant. Hence, the transaction can be completed automatically, rapidly and efficiently. The party and  
15 counterparty each deposit the funds needed to execute a transaction with a financial institution; the funds are preferably pre-cleared and are not marginable through the system. A sophisticated computer program determines that the party and counterparty are taking reciprocal positions, which can be matched against each other and instructs the relevant financial institutions to transfer the required foreign exchange  
20 as, in effect, a swap. By matching Corporation A with Corporation B, each of their positions is improved by \$500.00 per million, less a transaction fee to an intermediary of perhaps \$50.00 per side. The result is that Corporation A receives US\$1M for \$1,536,750 per million; a saving of \$450.00 per million; Corporation B  
25 Receives \$1,536,850 for US\$1M; an improvement in profit of \$450.00. The system has in effect reduced the spread to 1 basis point. The spread can theoretically be reduced to just short of zero since the present invention operates efficiently and automatically. This example works because of the exactly matching

reciprocal requirements of the parties. In practice, that will rarely happen and some sort of netting will be required. The exact details of the netting process, whilst outside of the scope of the present invention, are included here for clarity and completeness.

5

The fundamental netting concept applied in this embodiment is that a computer is programmed with information relating to a party and counterparty transaction, to determine a net payment position if both the first and second transactions occur and to actually complete each transaction on the basis of the net payment position.

10

This approach can be contrasted with conventional netting, in which a transaction is completed and only subsequently does netting occur to reduce the number and size of payments. Typically, there might be several party/counterparty pairs in a connected series of transactions in the present embodiment.

15

#### Multilateral Netting Example

20

In the present system, it will be seen that the netting step is not simply a stage subsequent to but independent from the underlying exchange transaction, performed for accounting simplicity to reduce the numbers and sizes of cross-payments. Instead, it is an integral part of the underlying exchange transaction between party and counterparty. This is most clearly emphasised when considering a multi-party exchange of currencies. Take, for example, a situation in which there are 3 Corporations - A, B and C. A has CAD and needs JPY; B has JPY and needs USD; C has USD and needs CAD. The exact needs are shown in Figure 2A. A cannot satisfy its requirements in whole or in part by dealing with B exclusively. However, if C can be "linked" into the transaction, all three corporations can be satisfied to the value of the smallest available currency.

25

We assume that the mid-point of Interbank B/O at a point in time is as follows: 1.53675 CAD; 1 USD; 88.7755 YEN; (i.e. all numbers are relative to the USD base currency).

5

The desired amounts indicated on Figure 2A reflect the mid-market value of the available currency. The post-match situation using this embodiment is shown on Figure 2B.

10

It will be noted that the limiting factor in this match example was the availability of CAD for JPY.

15

The embodiment uses a "currency link" to match partially or fully the desired quantities of the match. A currency link is created using the source currency and the beneficiary (desired) currency for a series of transactions. Figure 2C illustrates a simple three-way currency link.

20

Note, that if, for example, Party C wanted a currency other than AAA, say DDD, there would not be a currency link from which to synthesize a transaction.

A link is therefore defined as (A to B; B to A); or (A to B; B to C; C to A); or (A to B; B to C; C to D; D to A) etc. A mathematical relationship at a point in time therefore exists between the currencies. Another example is A to C, B to A and C to B.

25

The distinction from traditional netting programs is three-fold. First, netting in the present embodiment happens in real-time, not at a fixed point in time post transaction for various parties, none of which are necessarily the same from one

“link” to the next, and consequently, from one “match” (whole or partial) to the next. Second, the program is designed to seek out the “currency linking” in ascending order of the number of potential counter-parties. As complete matches occur (as in A above), the matched party drops out of the matrix. The program  
5 seeks out the next currency links based on a set of transactions rules to fulfill wholly or partially the next match. Third, traditional netting occurs on completion of a series of transactions. For example, if Party A is obligated to pay Party B three units of a currency and Party B is obligated to pay Party C three units of a currency, a netting transaction would have Party A pay Party C three units of  
10 currency directly. In this embodiment, transactions are synthesized by matching source (available) currency to beneficiary (desired) currency requirements. As such the transaction could be deemed a “netting hybrid”.

The present system may be further understood with reference to Figures 3A and  
15 3B, which each show a schematic of the major elements in a foreign exchange matching system in accordance with the present invention. Figure 3A is an actual proposed architecture schematic for an FX embodiment prepared by Primix Solutions Inc; the embodiment is called ‘BuyFX’. The functions of the major blocks in Figure 3A and 3B are the same and are as follows: the party and  
20 counterparty each interact with the foreign exchange matching system using their web browsers (1, 2), which communicate via the Internet 3 with a conventional Web cluster/firewall 4 connected to an application server cluster 5 running Netscape Application Server, IBM WebSphere or BEA WebLogic. Cluster 5 is connected to a message bus 7, such as ActiveWorks or Tibco. The message bus 7 is connected to  
25 a live data feed 6, which provides continuous and up to date pricing information. A Reuters or Bloomberg feed could be used. Message bus 7 is also connected to a mail

server 8 which communicates with various entities, including the party and counterparty.

5 Message bus 7 is also connected to the matching system server 9, which runs a Java or C++ program calculating not only the mid-point prices (and related spreads, if applicable) using data from the live feed 6 but also identifying where netting opportunities exist to enable a currency match to occur and the nature of the netting. Matching System server 9 is connected to an Oracle database 10. Message bus 7 is connected to the various system financial partners 11 (typically one, but not limited to one, in each jurisdiction whose currency is available for matching through the system). These are typically banks or deposit taking institutions. These partners actually take the payment from and make payments 12 to each party and counterparty in the amounts defined by the matching system server 9.

15 Reference should now be made to Figure 4, which is a step by step walk through the process. Figure 4 includes, but is not limited to, the denoted steps to execute a transaction. At step 1, a party with a need for foreign exchange logs onto a secure web site using its browser. Initially, the party has to complete a customer profile and user authentication. This involves the following steps: On entering the secure  
20 FX Matching System web portal, the customer has to:

(A) Register with the FX Matching System and its jurisdictional banking partners in a secure environment (if a new user), or  
(B) Authenticate its identity with a user name and password (if an existing user).

25 (C) If a new user, it also has to enter various administrator-defined restrictions- user restrictions, currency restrictions, volume restrictions e.g.

User "XXXX" can transact in currency "XXX" and "YYY" only, in volumes not to exceed "XXXXXX".

5 Once authenticated as a user, the customer will be able to complete a secure submission document using its Web browser (Step 1). This document enables a user to:

(A) List, in a secure environment, commonly used source accounts and beneficiary accounts.

10 (B) Enter an electronic funds transfer request, with funds moving from a source account to a beneficiary account at a jurisdictional banking partner, if necessary.

15 Once its funds have been deposited and the cleared funds are "held" by a jurisdictional banking partner, the customer is able to 'post' funds using the browser based submission document as follows:

(A) By requesting a conversion on a defined source amount (e.g. the customer has a source quantity of \$1M USD which it requires to be converted to CAD), or

20 (B) By requesting a beneficiary amount, the computer program will calculate the quantity of source funds required, utilizing a "buffer percentage" to account for potential currency fluctuations. The "buffer percentage" is a convenience feature for customers and will be calculated on a currency specific basis at two standard deviations of the daily fluctuation of the currency.

The secure submission document also allows each user to define the kind of transaction required. Examples of user-defined functionality include, but are not limited to, the following :

5 (A) 'Match' – the exchange transaction is completed as and when reciprocal funds become available in whole or in a series of partials for a customer to fulfil a currency order; this process can be time-sensitive. Implicit in the Match order is end of day execution of any unfilled balances, unless the customer has his own beneficiary account and elects to bypass that option;

10 (B) 'Match (All or none)' – the exchange transaction is completed only as and when a complete block of currency (as a series of partials or in one reciprocating block) becomes available to fulfill a currency order; (again, this can be time-sensitive);

15 (C) 'Match and Market (M & M's)' – a time sensitive order to fill the customer currency requirement with as much "matched" currency as is available during a user-defined period of time, with the option of executing the balance at the prevailing market rate with a banking partner or financial institution;

(D) 'Market' – an order allowing a customer to bypass the matching process and go directly to a jurisdictional partner for execution; this can be time-sensitive;

20 (E) 'Special Liquidity' – certain corporate partners, and, in some circumstances, regular customers will be able to submit orders at preferred rates to augment liquidity. "D-SL" orders never have precedence over regular "Direct" orders.

25 The Submissions Document is then securely transmitted (step 2) to the Matching System Server (B). The Matching System Server (B) then requests (step 3) the appropriate financial institution (C) to verify the information given by the party



(including the availability of funds) and to authenticate the user from the financial institution's perspective. An account held with this multi jurisdictional financial partner(s) serves nothing but a transactional purpose through which funds are matched and distributed. The multi jurisdictional financial partner(s) accepts funds on account in the currency by which they were deposited. Correspondingly, this institution delivers funds to the customer in the beneficiary currency at the prescribed rate of exchange. All currency exchange is electronic so that no physical securities are required for clearing.

Once the financial institution (C) has confirmed that the user has the required funds to be exchanged it in effect freezes those funds, and then authorises the matching system (step 4) to post the required information and proceed with the transaction. The Matching System (D) then performs the netting identification process illustrated at Figure 2B, using the mid-point prices it calculates using the data from live feed (A). Matching System (D) uses the following order prioritisation feature. In order to prevent one company and/or transaction from "locking out" other customers by placing a substantial order in relation to the available liquidity, customers will be able to place orders to a maximum size of "X" USD equivalent. The software will accept volumes in excess of this size. These will be automatically processed into a series of smaller transactions, determined by the Matching System (D) and contingent on the liquidity of the currency. Execution of these smaller transaction volumes will occur in sequence with the initial block being completed on a "first in, first out", followed by the next Matching System (D) customers in that currency, if any, on a FIFO basis; followed by the second block from the transaction; followed by the next customers in that currency, if any, and so on until the cumulative volume is filled. This prevents one customer from monopolizing any one currency to the detriment of other customers.

Where a successful match has occurred, the Matching System (D) notifies the various financial institutions to complete the funds transfer. More exactly, transactions are aggregated by Matching System (D), reconciled, and recorded to one central file per jurisdictional financial institution. The “batched” files are transmitted to the jurisdictional partner (step 5).

Notification arises through the Matching System (D) issuing an 'International Payment Instruction'. This is an order to a financial partner to record payment instructions to a customer defined beneficiary account;

Issuance of the 'International Payment Instruction' will occur under, but will not be limited to, the following conditions:

- (A) When a customer is “matched” fully
- (B) When a customer is filled at the end of the day
- (C) When a “Match and Market” order has been fulfilled.
- (D) If customer selects “Market” or “Match (All or none)” order.
- (E) If a customer elects to carry an order over a number of days, until that order is filled in its entirety, the direction to pay option to a Payee Account remains unavailable. In that circumstance, the customer must maintain his own beneficiary account.

In addition to handling International Payment Instructions, the system can equally well handle Domestic Payment Instructions – for corporations who seek to transfer funds domestically.

In addition to issuing the International Payments Instruction, the Matching System (D) records the transaction details and time-stamps them. Pricing is also screened by the Matching System (D) for anomalous trades to ensure transaction integrity. Matching System (D) also causes an e-mail customer notification of a match to be issued, pending final payment and settlement.

Payment instructions are then confirmed, aggregated, and reconciled at the financial partner. Payment is subsequently effected (step 6) to the denoted beneficiary accounts (payee or customer). Each jurisdictional banking partner will release funds at the earliest available opportunity after the daily batching function. Confirmation details are recorded for transmission to customers; confirmation email and online transaction reporting details are transmitted to each customer (step 7). Call centre functionality allows customer to gain transaction details should their ISP be experiencing technical details. At step 8, each customer can obtain a transaction confirmation certificate (Step 9). The transaction is now fully completed.

There are various additional aspects to the FX Matching System which are not illustrated. For example, a product for individuals (business travelers) is available; as is a corporate wholesale product for intermediary exchange requirements; and a "market" product for blue-chip multinationals. The transaction size in these incarnations may dictate the transactions "fee" for executing a currency match; the program could, but does not have to automatically categorize the trade into the appropriate product with the appropriate rate scale.

A hedging facility for foreign exchange exposure may also be included, in which matched forwards can be offered by the jurisdictional financial partner.

In addition, exposure positions are available to the multi jurisdictional financial partner(s) to mitigate systematic risk with one another.

5 The system can be implemented as a series of scalable products available for distribution through many different channels through the Internet; the customer may enter the system directly through the denoted web site to transact; the customer may enter via the web site of our multi jurisdictional partner(s) in a co-branded product, or the customer may enter via the web site of a multi jurisdictional partner in a "partner-branded aka white-branded" or non-branded interface. For the  
10 retail individual, an affiliation between the present system and a courier and travelers cheques company is possible. This enables a transaction to be completed anywhere in world with the traveler's cheque couriered directly to the individual. This is envisaged as a premium service delivered via the Internet.

15 As explained above, the system can provide cross-border settlement of accounts, converted to the currency of choice, at exchange rates that represent the closest to fully efficient currency markets. This is particularly advantageous for the small/medium corporate user.

Claims

1. A computer based system which enables a party and a counter-party to be efficiently matched, comprising a first computer terminal into which the party inputs details of a potential transaction to acquire assets of type A in exchange for assets of type B, a second computer terminal into which a counterparty inputs details of a potential transaction to acquire assets of type C in exchange for assets of type D, a computer network connecting the first and second terminals; characterised in there being a computer program arranged to calculate directly or indirectly a mid-point price at which type A assets can be obtained in exchange for assets of type B.

2. The computer based system of Claim 1 in which the mid-point price is the mid-point between (a) a price for exchanging type A for type B assets established by reference to data substantially independent of the party and the counterparty and (b) a price for exchanging type B for type A assets, established by reference to data substantially independent of the party and the counterparty.

3. The computer based system of Claim 1 in which the mid-point price is calculated using the mid-point between the price at which type B assets can be obtained in exchange for a base asset and the reciprocal transaction in which the base asset is exchanged for type B assets.

4. The computer based system of Claim 3 in which the indirect calculation of the mid-point price at which type A assets can be obtained in exchange for assets of type B involves calculating (i) the mid-point between the price at which type B

assets can be obtained in exchange for a base asset and the reciprocal transaction and  
(ii) the mid-point between the price at which type A assets can be obtained in  
exchange for a base asset and the reciprocal transaction.

5           5.       The computer based system of Claim 1 in which asset type C is the same  
as asset type B and asset type D is the same as asset type A

10           6.       The computer based system of any preceding Claim in which the  
transaction relates to foreign exchange such that the type A asset is currency in one  
denomination, type B assets is currency in another denomination and the mid-  
point is selected from one of the following:

- 15           (a)     the Interbank highest bid, lowest offer;  
             (b)     the Interbank most recent traded price;  
             (c).    the Interbank highest bid, lowest offer by subset of largest market makers  
                     in any particular currency; or  
             (d)     the highest bid, lowest offer in the most liquid market.

20           7.       The computer based system of any preceding Claim in which a spread is  
derived using the calculated mid-point.

25           8.       The computer based system of Claim 7 in which one of the following  
spreads is used:

- (a) a uniform percentage spread around the midpoint/mean for each of the parties  
             to a transaction;  
             (b) a uniform basis point spread around the midpoint/mean for each of the parties  
             to a transaction or

(c) a standard spread or series of spreads reduced to either a uniform percentage spread or a uniform basis point spread around a midpoint/mean.

5 9. The system of any preceding Claim in which the Internet forms part of the computer network.

10. A computer based system which enables a party and a counterparty of financial property to be efficiently matched, comprising a first computer terminal into which the party inputs details of a potential first transaction, a second  
10 computer terminal into which the counterparty inputs details of a potential reciprocal transaction, and a computer network connecting the first and second terminals; characterised in that both the party and the counterparty is either any corporation or individual.

15 11. A method of obtaining foreign exchange for a party, comprising the steps of:

the party defining a foreign exchange requirement using a web browser;

sending the requirement via the internet to a server; and

20 processing that requirement in relation to a mid-point between a bid price and an offer price, each price established by reference to data substantially independent of the party.

12. A method of computing the amount of foreign exchange available to a party comprising the steps of:

25 (i) receiving from the party a foreign exchange requirement; and

(ii) processing that requirement in relation to a mid-point between a bid price and an offer price, each price established by reference to data substantially independent of the party.

5           13       A server programmed to process a requirement for foreign exchange to be supplied to a party, using a mid-point between a bid price and an offer price, each price established by reference to data substantially independent of the party.

10           14.       A computer terminal acting as a client, in which the client accepts from a party a foreign exchange requirement and sends that requirement to a server as defined in claim 11.

15           15.       The method of Claims 11 to 14 in which the mid-point is selected from one of the following:

- 15           (a)       the Interbank highest bid, lowest offer;
- (b)       the Interbank most recent traded price;
- (c).      the Interbank highest bid, lowest offer by subset of largest market makers in any particular currency and
- (d)      the. highest bid, lowest offer in the most liquid market.

20           16.       The computer based system of Claim 15 in which a spread is derived using the calculated mid-point.

25           17.       The computer based system of Claim 16 in which one of the following spreads is used:

- (a) a uniform percentage spread around the midpoint/mean for each of the parties to a transaction;

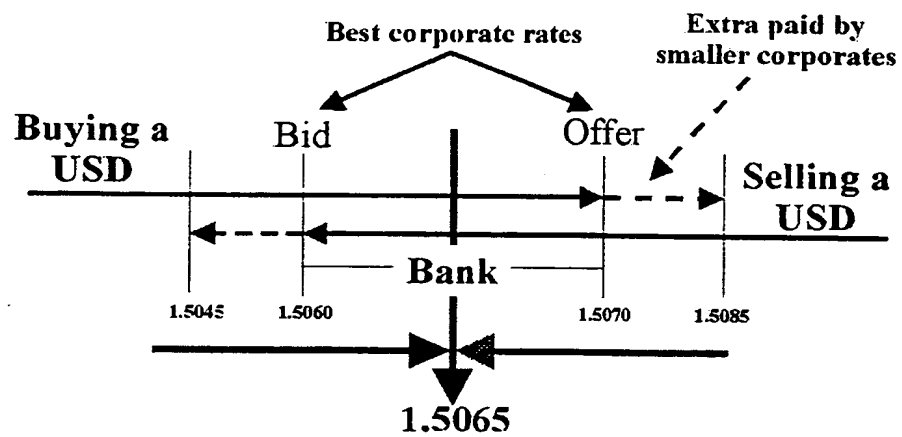


(b) a uniform basis point spread around the midpoint/mean for each of the parties to a transaction or

(c) a standard spread or series of spreads reduced to either a uniform percentage spread or a uniform basis point spread around a midpoint/mean.

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Figure 1



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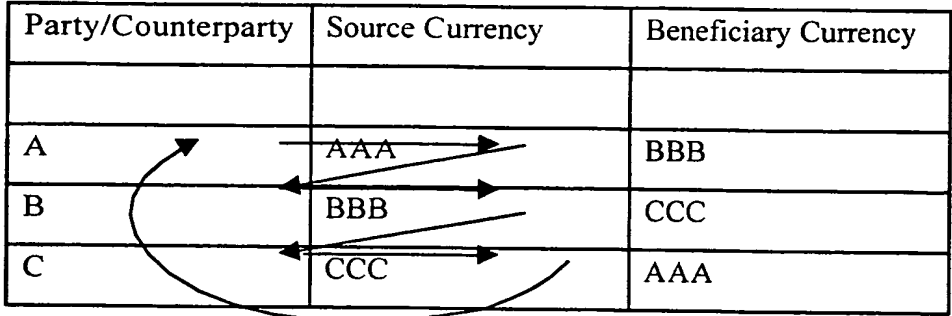
FIGURE 2A: PRE-MATCH

Available	10	CAD				
Desired	577.6834	JPY				
Available			4438.77	JPY		
Desired			50	USD		
Available					25	USD
Desired					38.4187	CAD

FIGURE 2B: POST MATCH

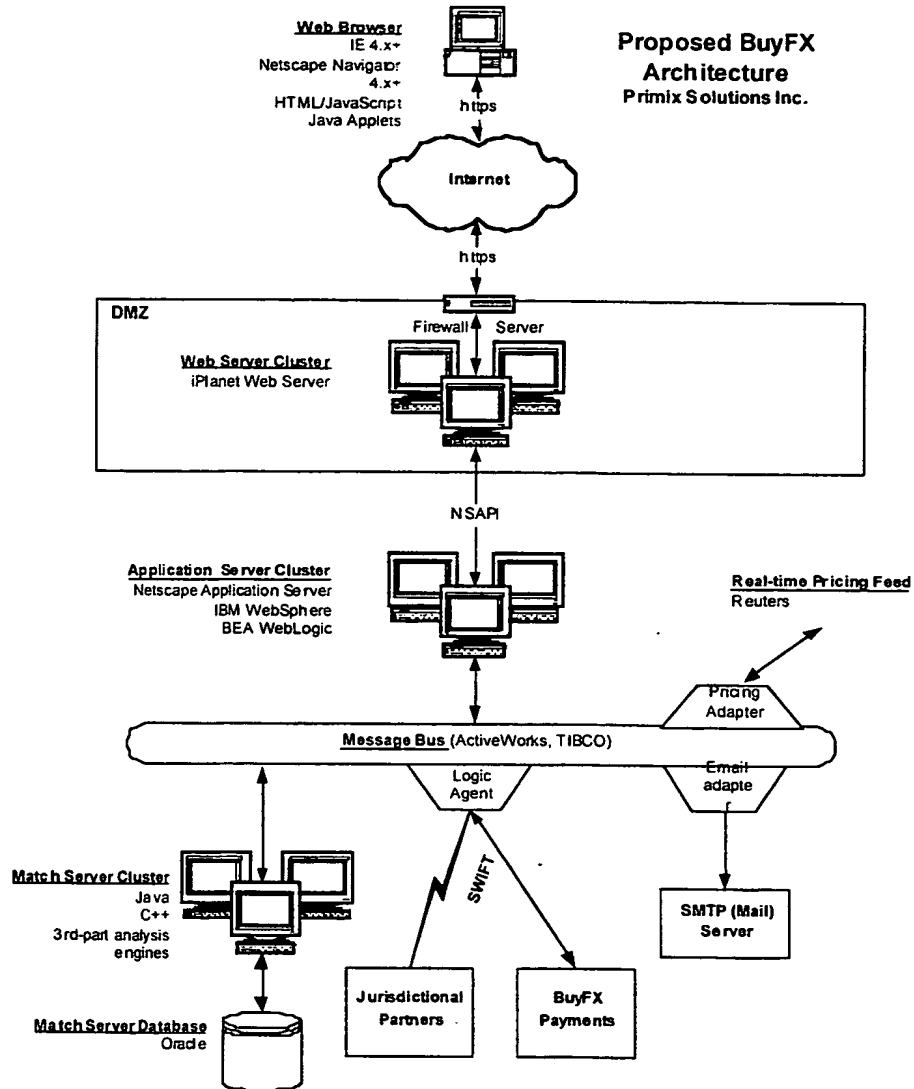
	A		B		C	
Available	0	CAD				
Desired	0	JPY				
Matched	577.6834	JPY				
Available			3861.09	JPY		
Desired			43.4927	USD		
Matched			6.5073	USD		
Available					18.4927	USD
Desired					28.4187	CAD
Matched					10	CAD

Figure 2C



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Figure 3A



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Figure 3B

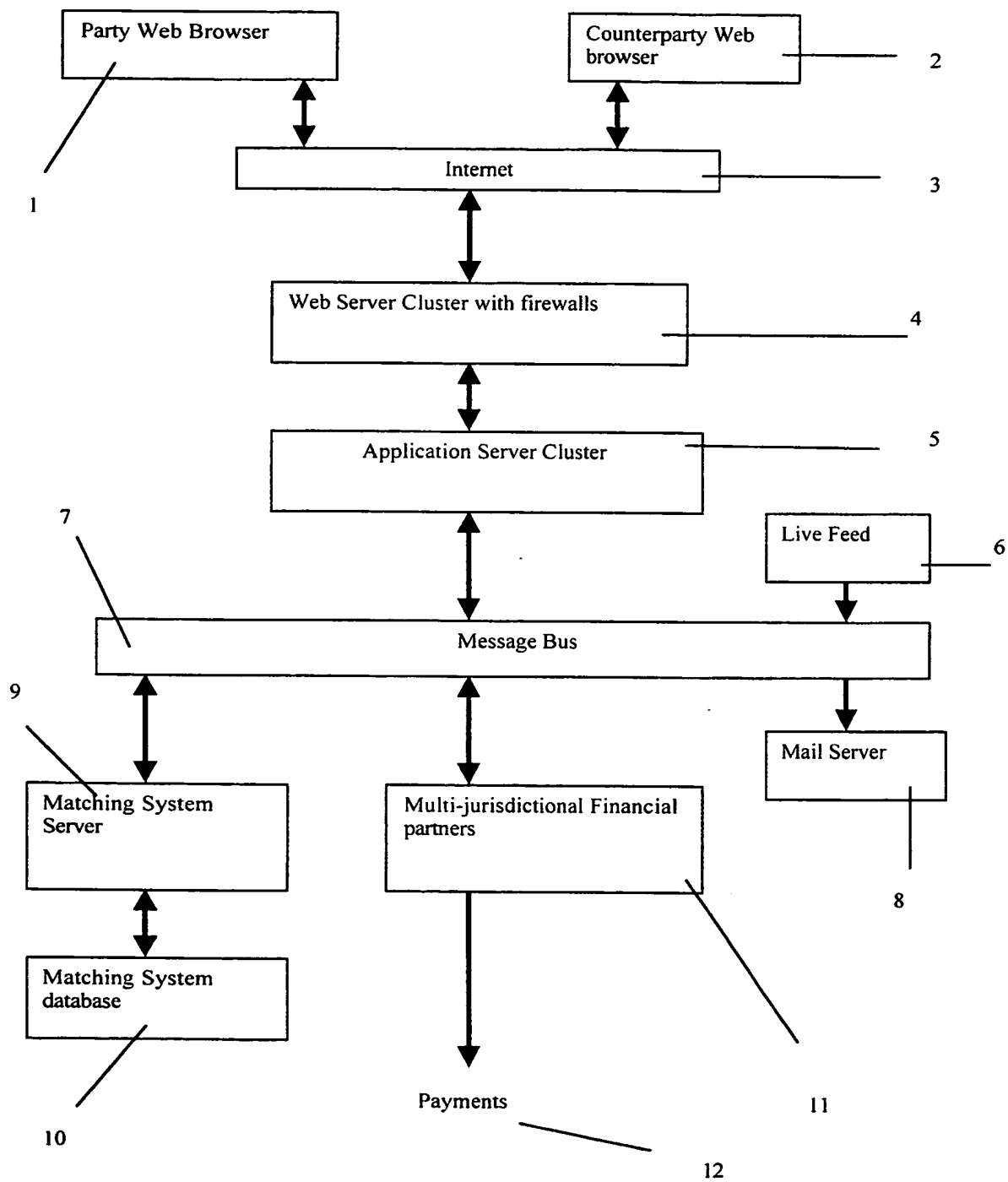
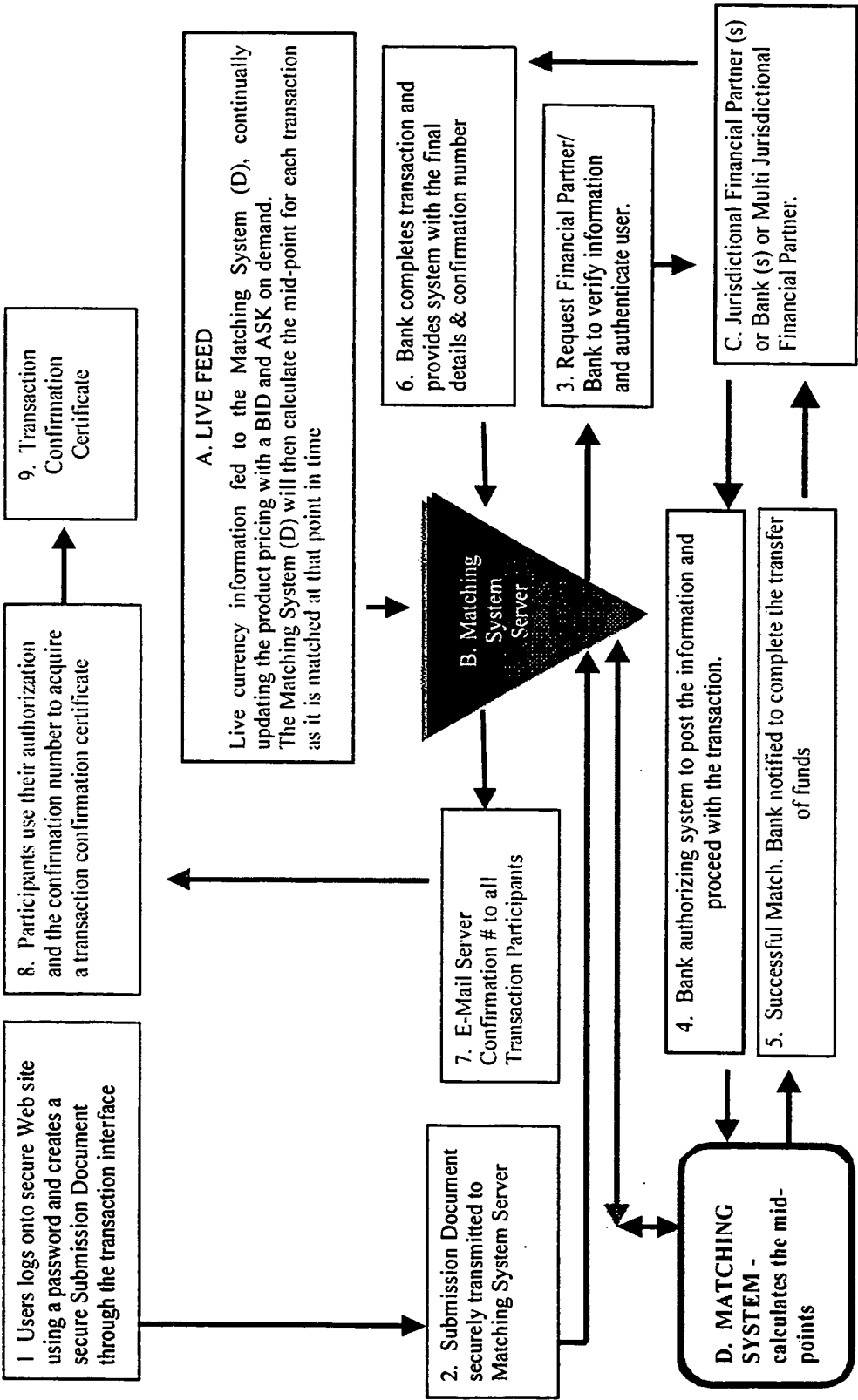


Fig 4



## INTERNATIONAL SEARCH REPORT

Int'l Application No

PCT/IB 99/02088

## A. CLASSIFICATION OF SUBJECT MATTER

IPC 7 G06F17/60

According to International Patent Classification (IPC) or to both national classification and IPC

## B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

IPC 7 G06F

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practical, search terms used)

## C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category *	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X A	US 5 615 269 A (MICALI SILVIO) 25 March 1997 (1997-03-25) the whole document	1,3-5, 9-14 2,6-8, 15-17
P,X	US 5 950 176 A (BURNS MICHAEL R ET AL) 7 September 1999 (1999-09-07) abstract column 6, line 56 -column 8, line 54	1,10-14

☐ Further documents are listed in the continuation of box C.

Patent family members are listed in annex.

## \* Special categories of cited documents :

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- \*E\* earlier document but published on or after the international filing date
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- \*O\* document referring to an oral disclosure, use, exhibition or other means
- \*P\* document published prior to the international filing date but later than the priority date claimed

\*T\* later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention

\*X\* document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone

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Date of the actual completion of the international search

28 April 2000

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# INTERNATIONAL SEARCH REPORT

Information on patent family members

International Application No

PCT/IB 99/02088

Patent document cited in search report		Publication date	Patent family member(s)		Publication date
US 5615269	A	25-03-1997	AU	1951497 A	28-07-1997
			WO	9724833 A	10-07-1997
US 5950176	A	07-09-1999	NONE		